

Shippers urged to get creative to combat space shortages

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Shippers have been urged to get creative as capacity shortages and high rates in air cargo and other modes are expected to continue.

In the latest Baltic Exchange airfreight rate newsletter, Bruce Chan, vice president of global logistics at investment bank Stifel, said that over the next few months capacity could become tighter as demand continues to recover.

Chan said: "Assuming that consumer and especially e-commerce driven activity persists, that the industrial recovery continues, more brick and mortar activity and more produce and seafood demand could further tighten capacity as vaccination efforts march forward and life gets back to normal.

“And with no proximate signs of capacity loosening in other modes of transport, we believe that airfreight will remain a critical goods pressure relief valve in shipper supply chains for months to come.”

Indeed, the latest IATA statistics show that air cargo volumes have now [recovered from a Covid-19 related decline](#) and are back at 2019 levels.

Chan added: “We don’t see many signs of immediate rate relief on the horizon, so strap in and try not to get gored.”

He said that shippers would need to find new and creative ways to offset the costs.

This could include a surgical analysis of modal planning and selection, greater use of buffer stock, tactical procurement and sourcing, reliance on new, bigger, or more nimble logistics providers to supply capacity, and better use of technology for supply chain planning and execution.

He reiterated past assertions that it could be [a year or more until “meaningful international belly capacity”](#) returns.

And the addition of freighters is unlikely to solve the issue. He explained that demand for freighters is on the rise, but widebody conversion slots are a bottleneck.